

Message Text

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SUBJECT: JEAN CHRETIEN TELLS CHICAGO AUDIENCE CANADA WELCOMES
FOREIGN INVESTMENT

BEGIN UNCLASSIFIED

1. SUMMARY. SPEAKING IN CHICAGO ON DECEMBER 6, ITC MINISTER
JEAN CHRETIEN TOLD AUDIENCE THAT CANADA "NEEDS" AND "WELCOMES"
FOREIGN INVESTMENT, ASSURED THEM OF ECONOMIC AND POLITICAL
STABILITY OF CANADA, AND CLAIMED THAT RECENT QUEBEC ELECTION
DID NOT MEAN MAJORITY OF QUEBECKERS WANT SEPARATION. TEXT OF
SPEECH RELEASED IN OTTAWA DECEMBER 7.
END SUMMARY.

2. INDUSTRY, TRADE AND COMMERCE MINISTER JEAN CHRETIEN,
SPEAKING CHICAGO ON DECEMBER 6, TOLD AUDIENCE THAT HE
WAS THERE "TO PROMOTE CANADA" AND INTENDED TO TRAVEL TO
LOS ANGELES, NEW YORK, CLEVELAND AND "OTHER SUCH CENTERS"
TO BRING SAME MESSAGE. HE INTENDED "TO CLEAR UP CERTAIN
MISCONCEPTIONS" REGARDING CANADIAN FOREIGN INVESTMENT
POLICY.

3. "DESPITE THE OCCASIONAL DIFFERENCE OF OPINION,"
CHRETIEN SAID, "CANADIAN-AMERICAN RELATIONS ARE EXCELLENT
AND WE INTEND THAT THEY REMAIN SO. THE CANADIAN
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GOVERNMENT IS NOT ANTI-AMERICAN..."

4. TOUCHING BRIEFLY ON TRADE RELATIONSHIPS BETWEEN THE TWO COUNTRIES, CHRETIEN SAID THAT IN ONE OF HIS FIRST SPEECHES HE HAD STATED "CANADA'S COMMERCIAL RELATIONS WITH THE UNITED STATES ARE THE SINGLE MOST IMPORTANT ASPECT OF MY COUNTRY'S TRADE POLICY" AND THAT HE WAS "PLEASED TO REPEAT THAT STATEMENT."

5. ON FOREIGN INVESTMENT IN CANADA, CHRETIEN MAINTAINED THAT BECAUSE CANADA NEEDED "A CONTINUING INFLOW OF DIRECT INVESTMENT FROM ABROAD (AS) AN ESSENTIAL CONDITION OF CONTINUING ECONOMIC PROGRESS," THE GOC HAD REJECTED "DRASTIC CURBS" ON FOREIGN INVESTMENT CALLED FOR BY "MORE RADICAL CANADIAN NATIONALISTS." INSTEAD, GOC HAD OPTED FOR FIRA IN ORDER "MAXIMIZE THE BENEFITS ARISING FROM THE ACTIVITY OF FOREIGN-CONTROLLED ENTERPRISE IN CANADA."

6. CHRETIEN SAID THAT FOREIGN INVESTMENT REVIEW ACT NOT INTENDED TO BLOCK OR DISCOURAGE FOREIGN INVESTMENT, AND HE POINTED TO GOC RECORD ON INVESTMENT PROPOSALS AS PROOF (E.G., APPROVAL OF FOUR OUT OF FIVE TAKEOVER PROPOSALS AND MORE THAN NINE OUT OF TEN NEW BUSINESS PROPOSALS.). SCREENING PROCESS, ACCORDING TO CHRETIEN, SEEMS "TO BE ACHIEVING ITS INTENDED PURPOSE OF IMPROVING THE QUALITY OF FOREIGN INVESTMENT."

7. ON NEGATIVE SIDE, CHRETIEN ADMITTED THAT PROVINCIAL AND FEDERAL POLICIES, "PARTICULARLY IN RESPECT OF RESOURCE TAXATION, TEMPORARILY CLOUDED THE INVESTMENT CLIMATE IN CANADA." CRITICISM OF "COSTLY DELAYS," BY FIRA ASSESSMENT OF PROPOSALS WAS "JUSTIFIED," BUT CHRETIEN CLAIMED THAT HE HAD ALREADY TAKEN STEPS TO STREAMLINE PROCEDURES. ON QUESTION OF SECRECY SURROUNDING REJECTION OF SOME PROPOSALS, CHRETIEN MAINTAINED THAT GOC HAD TO RESPECT INVESTOR'S WISHES AND NOT REVEAL REASONS FOR REFUSAL OF PARTICULAR PROPOSAL.

8. "INVESTORS MUST BE ASSURED OF BOTH THE ECONOMIC AND POLITICAL STABILITY OF CANADA," CHRETIEN SAID, LIMITED OFFICIAL USE

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AND JUSTIFIED THE WAGE AND PRICE CONTROL POLICY AS NECESSARY TO CANADA'S ECONOMIC GROWTH "WITH AN ACCEPTABLE LEVEL OF PRICE INCREASES."

9. ON THE POLITICAL SIDE, CHRETIEN STATED, "I WANT TO REASSURE YOU ABOUT THE STABILITY OF CANADA." "AS A FRENCH CANADIAN AND AS A QUEBECKER," CHRETIEN THEN "EXPLAINED" RESULTS OF RECENT QUEBEC ELECTION.

WHEN PQ RAN IN 1970 AND 1973 ON SEPARATION PLATFORM, CHRETIEN SAID, IT WAS BADLY BEATEN. HOWEVER, IN 1976, WHEN PQ PLATFORM WAS BASED ON "GOOD ADMINISTRATION AND SOCIAL REFORM," PQ WON "BECAUSE OF THE GREAT UNPOPULARITY OF THE OUTGOING GOVERNMENT." CHRETIEN THEN CITED OPINION POLL TAKEN AFTER ELECTION WHICH SHOWED ONLY 11 PERCENT OF QUEBECKERS IN FAVOR OF INDEPENDENCE.

10. CHRETIEN ENDED SPEECH BY STATING POSITIVELY THAT "IMMENSE MAJORITY OF QUEBECKERS WANT TO REMAIN IN CANADA." "I HAVE NO FEAR FOR THE FUTURE OF A UNITED CANADA."

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1. COMMENT. THIRD QUARTER FIGURES ON FOREIGN DIRECT INVESTMENT FLOWS TO CANADA ARE NOT YET PUBLISHED, BUT FIRST SIX-MONTH FIGURES SHOWING NEW OUTFLOW FROM CANADA OF SUCH INVESTMENT WERE PROBABLY DISQUIETING TO GOC. RECENT SPATE OF BAD PRESS ARTICLES ON CANADIAN ECONOMY, DROP IN CANADIAN DOLLAR EXCHANGE VALUE, AND ADVERSE SPECULATION ABOUT CANADA'S POLITICAL FUTURE FOLLOWING PQ WIN IN QUEBEC GAVE CHRETIEN AMPLE EXCUSE TO START FORAYS INTO U.S. TO TRY TO ALLAY INVESTORS' FEARS. VARIOUS OTHER CANADIAN MINISTERS HAVE ALLUDED TO CANADA'S CONTINUING NEED FOR FOREIGN INVESTMENT, BUT CHRETIEN'S CHICAGO SPEECH IS STRONGEST PITCH FOR AMERICAN INVESTMENT THAT FEDERAL MINISTER HAS MADE IN SOME TIME.

12. SINCE BECOMING ITC MINISTER, CHRETIEN DOES APPEAR TO TAKE MORE PRAGMATIC APPROACH TO SCREENING PROCESS
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THAN HIS PREDECESSOR, AND HE SEEMS TO BE PUSHING FIRA TO CUT BUREAUCRATIC DELAYS. WE ARE NOTING THAT MORE INVESTMENT PROPOSALS ARE "DEEMED" TO HAVE BEEN APPROVED, MEANING THAT CHRETIEN HAS NOT WAITED FOR ALL LEVELS OF GOVERNMENT TO GIVE OPINION ON SPECIFIC CASE AND HAS ALLOWED PROPOSAL TO GO FORWARD WITHIN ALLOTTED TIME-FRAME.

13. ON QUEBEC ELECTION, CHRETIEN IS GIVING STANDARD GOC POLICY LINE; E.G., PQ WIN WAS NOT VOTE FOR SEPARATION. HOWEVER, AS FRENCH CANADIAN FROM QUEBEC, CHRETIEN'S REMARKS WOULD PROBABLY CARRY MORE WEIGHT WITH U.S. AUDIENCE THAN ENGLISH-SPEAKING MINISTER.
ENDERS

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